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**STANDING COMMITTEE ON  
URBAN DEVELOPMENT  
(2009-2010)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF HOUSING AND  
URBAN POVERTY ALLEVIATION**

**DEMANDS FOR GRANTS  
(2009-2010)**

*[Action Taken by the Government on the recommendations contained  
in the Second Report (Fifteenth Lok Sabha) of the Standing Committee  
on Urban Development on the 'Demands for Grants (2009-10)' of  
the Ministry of Housing and Urban Poverty Alleviation]*

**ELEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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the Ministry of Housing and Urban Poverty Alleviation]*

*Presented to Lok Sabha on \_\_\_\_\_*

*Laid in Rajya Sabha on \_\_\_\_\_*



LOK SABHA SECRETARIAT  
NEW DELHI

*July, 2010/Shravana, 1932 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE ON  
URBAN DEVELOPMENT (2009-2010)

Shri Sharad Yadav — *Chairman*

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SECRETARIAT

- |                        |   |                                   |
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| 1. Shri T.K. Mukherjee | — | <i>Joint Secretary</i>            |
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| 3. Ms. Amita Walia     | — | <i>Deputy Secretary</i>           |
| 4. Shri Priyadarshan   | — | <i>Senior Committee Assistant</i> |

## INTRODUCTION

I, the Chairman of the Standing Committee on Urban Development (2009-2010) having been authorized by the Committee to submit the Report on their behalf, present the Eleventh Report on the action taken by the Government on the recommendations contained in the Second Report (Fifteenth Lok Sabha) of the Standing Committee on Urban Development on 'Demands for Grants (2009-2010)' related to the Ministry of Housing and Urban Poverty Alleviation.

2. The Second Report was presented to Lok Sabha on 17 December, 2009. The replies of the Government to all the recommendations contained in the Report were received in March, 2010.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 20 July, 2010.

4. An analysis of the action taken by the Government on the recommendations contained in the Second Report (Fifteenth Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;  
20 July, 2010  
29 Asadha, 1932 (Saka)

SHARAD YADAV,  
*Chairman,*  
*Standing Committee on Urban Development.*

## **CHAPTER I**

### **REPORT**

This Report of the Standing Committee on Urban Development (2009-10) deals with the action taken by the Government on the recommendations contained in their Second Report (Fifteenth Lok Sabha) on Demands for Grants 2009-10 of the Ministry of Housing and Urban Poverty Alleviation which was presented to Lok Sabha on 17th December, 2009.

1.2 Action Taken Notes have been received from the Government in respect of all the 12 recommendations contained in the Report. These have been categorized as follows:

- (i) Recommendations/Observations, which have been accepted by the Government (Chapter – II):

**Para Nos. 2, 6, 9 and 10**

**(Total - 04)**

**(Chapter-II)**

- (ii) Recommendations/Observations, which the Committee do not desire to pursue in view of Government's replies (Chapter –III):

**NIL**

**(Total - Nil)**

**(Chapter-III)**

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee:

**Para Nos. 3, 5, 7 and 12**

**(Total - 04)**

**(Chapter-IV)**



- (iv) Recommendations/Observations in respect of which final replies of the Government are still awaited

**Para Nos. 1, 4, 8 and 11**

**(Total - 04)**

**(Chapter-V)**

1.3 The Committee trust that utmost importance would be given by the Ministry to the implementation of their Recommendations. In cases, where it is not possible for the Ministry to implement the Recommendation(s) either fully or partially, for any reason, the matter may be reported to the Committee with reasons for non-implementation.

1.4 The Committee further desire that action Taken Notes on the Recommendations/Observations contained in Chapter-I of this Report and final replies in respect of the Recommendations for which only interim replies have been furnished by the Government (included in Chapter-V) may be furnished to them at the earliest and in any case, not later than three months of the presentation of this Report.

1.5 The Committee will now deal with action taken by the Government on some of these recommendations in the succeeding paragraphs.

### **Recommendation (Serial No.3)**

#### **Unspent balances and funds release under SJSRY**

1.6 The Committee had recommended as under:—

“The Committee note that upto 30.09.2009, under the Swarna Jayanti Shahari Rozgar Yojana (SJSRY), an amount of Rs.58,196.36 lakh is still available with States/UTs. They have been informed that the Centre have so far not received Utilisation Certificates (UCs) for an amount of Rs.8250.84 lakh, which was released upto 2007-2008. The Committee fail to understand why such a huge amount has remained to be shown as utilized. The Committee are particularly perturbed by the inability of States like, Jharkhand, Chhattisgarh, Rajasthan and Jammu and Kashmir, to submit utilization certificates for a huge amount of funds which they have received for implementing SJSRY. They are of the view that such a huge amount of unspent balance is a serious matter affecting the overall

performance of the scheme since non submission of UCs result in delay of further release of funds. The Committee, therefore, desire the Government to take measures to motivate States to do the needful well in time otherwise it may lead to reduction in the budgetary plan allocation in their favour. The Committee also take note of the fact that Central funds have not been released to many States/Union Territories till 30 September, 2009. The bulk of the funds, therefore, is likely to be released to them in the third and fourth quarters of this financial year, thus making it difficult for the States to release their share of funds. The Committee, therefore, feel that appropriate steps needs to be taken to address this issue urgently so as to achieve the financial as well as physical targets fixed under the scheme.”

1.7 In their Action Taken Reply, the Ministry have stated as follows:—

“The Ministry is making consistent efforts for utilization of funds remaining unspent with the States/Union Territories. As per the updated Reports/Utilisation Certificates received from the States/ Union Territories, utilization certificates for an amount of Rs 25.66 Crore for the funds released upto 2007-2008 with 14 States/UTs (which is about 9.80% of the total funds released to these States/ UTs) are pending, as given below:—

**Unspent balances with State Governments under SJSRY**

As on 2.3.2010  
(Rs. in crores)

Sl. No	Names of States/UTs	Central Funds released (including Opening Balance) upto 2007-2008	UC received till now	Balance fund available with States/ UTs for which UCs are due
1	2	3	4	5
1	Bihar	52.11	51.00	1.11

1	2	3	4	5
2	Chhattisgarh	29.82	29.92	0.00
3	Goa	2.23	1.64	0.59
4	Jammu & Kashmir	19.48	19.23	0.25
5	Jharkhand	15.56	11.01	4.55
6	Meghalaya	7.87	5.32	2.55
7	Punjab	16.55	14.98	1.57
8	Rajasthan	69.80	65.90	3.90
9	Tripura	18.85	17.97	0.88
10	A & N Islands	3.61	3.06	0.55
11	Chandigarh	7.83	2.63	5.20
12	Daman & Diu	2.43	0.20	2.23
13	Delhi	4.30	2.06	2.24
14	Puducherry	11.36	11.32	0.04
TOTAL		261.80	236.24	25.66

The State of Jharkhand has now submitted substantial amount of UCs after much efforts of this Ministry. In case of Jammu & Kashmir, UCs for an amount of Rs. 24.78 Lakhs only (out of the Rs. 849.375 Lakhs released to it under special Prime Minister Reconstruction Plan in 2006-2007 is pending now. Chhattisgarh has since submitted all the required UCs. Rajasthan has also submitted Utilisation Certificates for some amount. It may also be mentioned here that due to the preoccupation of the States/UTs with the General Elections of Lok Sabha and also because the revised Guidelines of SJSRY have come into effect since 1st April 2009, the pace of expenditure has been somewhat slower in the first half of the year.”

**1.8 The Committee regret to note that even though SJSRY is the lone poverty alleviation programme in the urban area, the Ministry has time and again failed to utilize the funds allocated to them under this head in time. The action taken reply shows the figures of the funds released by the Ministry during 2007-2008 and their utilization certificates obtained as on date. Moreover, the replies do not show the figures of successive years. The Committee strongly feel that such a huge amount of unspent balance is a serious matter affecting the overall performance of the scheme since non-submission of UCs by the States/UTs results in delay of further release of funds. The Committee further note that though the Government's reply tries to justify the reasons for non utilization of funds during the early part of 2009-2010, it is, however, silent on the reasons for the non utilization of funds and subsequent release of funds in the previous years. It is not clear what steps had been taken by the Ministry to ensure that utilization certificates are received in time from the States/UTs. The Committee, therefore, desire that the Ministry should take up the matter with the State Governments and ensure that adequate measures are being taken to utilize the funds allocated for the purpose especially keeping in view the steady increase in the number of poor in urban areas. The Committee also strongly recommend that the Ministry should ensure that the States/UTs submit the utilization certificate to the Centre in a timely manner for further release of funds.**

**Recommendation (Serial No.5)**

**Housing Shortage**

1.9 The Committee had recommended as under:—

“The Committee note that as per the estimates the total urban housing shortage in the country has been projected to go up to 26.53 million during the 11th Five Year Plan (2007-2012), out of which a major portion pertains to economically weaker sections and the low income group category. Together, these two groups account for 99% of the total housing deficit. Though the Ministry prepared the National Urban Housing and Habitat Policy (NUHHP) in the year 2007 with special focus on the needs of urban poor, which

provides a road map to the State Governments to comprehensively address the issue of housing by preparing their own policy in accordance with the NUHHP, 2007, but unfortunately it has not materialized so far. Only a few States are preparing their urban housing policy in consonance with NUHHP, 2007. The Committee are appalled at the gross insufficiency of houses for the urban poor which is a result of the fact that urban planners have always marginalized the housing needs of urban poor, despite being well aware of their requirements of dwelling units. In this regard, the Committee have already made several recommendations in their 40th Report on 'Urban Housing' and they still await the response of the Ministry on the same. Meanwhile the Committee acknowledge the fact that as against Rs.120.71 crore which was allocated under BE 2008-2009, an amount of Rs. 207.97 crore has been allocated in BE 2009-2010 under the head 'Housing'. Though the actual requirement may be much more, the Committee feel that still it is a step in the right direction and recommend that the Government should strive to address the urban housing shortage on a priority basis."

1.10 In their Action Taken Reply, the Ministry have stated as follows:—

"The Ministry has submitted Action Taken Report on the Fortieth Report of the Standing Committee on 'Urban Housing' on 19th February, 2010. The Hon'ble Committee has been informed that the ministry is aware of the need and is striving to direct the policy and programme initiatives towards housing needs of urban poor and directed its efforts in this direction.

The Ministry has also taken several initiatives revolved around facilitating affordable housing to the urban poor. The Ministry formulated the first National Urban Housing & Habitat Policy, 2007 focusing on needs of urban area focused to promote a symbiotic development of rural and urban areas with focus on provision of "Affordable Housing For All" with special emphasis on vulnerable sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor.

Since the Policy did not define affordability the Ministry set up a Task Force under the Chairmanship of Mr. Deepak Parekh, Chairman – HDFC Ltd. to study and make recommendations as to affordability and the strategy to provide affordable housing pursuance of the Policy.

At the same time, aware that finance is a critical issue and noting that the Policy aims at promoting larger flow of funds from governmental and private sources for meeting housing needs, with suitably designed fiscal concessions, the Ministry set up the Ashok Jha Committee to study if HUDCO can be rejuvenated and restored to make construction and social housing programmes.

The Ministry has also launched several schemes in the recent years to encourage the State Governments to participate in social housing in big way.

In 2005, the Government launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), to make provision, inter-alia, of housing and basic services for the urban poor by a holistic and integrated development of slums in 65 specified cities under the Sub Mission Basic Services to the Urban Poor (BSUP) and in other cities and towns under the Integrated Housing and Slum Development Programme (IHSDP).

In December 2008, another new scheme – Interest Subsidy Scheme for Housing for the Urban Poor (ISHUP) was announced for providing interest subsidy to make housing loans affordable and within the repayment capacity of Economically Weaker Sections (EWS)/Low Income Group (LIG). The scheme makes available loans upto Rs.1 lakh through Commercial Banks/Housing Finance Companies for the purposes of construction/acquisition of houses with an interest subsidy of 5%.

With a view to encourage allotment of land for EWS housing, another Scheme for 'Affordable Housing in Partnership', was started under which Central Government assistance is available for infrastructure connectivities for housing projects which provide houses upto 80 Sq.mt. carpet area of which at least 25% are for EWS/ LIG.

In June 2009, with the intention to comprehensively address the issue of slums, and to provide for housing in urban areas the Rajiv Awas Yojana (RAY) has been announced.

The initiatives of the Govt. of India need to be supported and supplemented by the efforts at the level of State Governments and Urban Local Bodies (ULBs). The emphasis of State Housing Boards needs to be calibrated to address the needs of Economically Weaker Sections (EWS) and Low Income Group (LIG) housing and policy initiatives for legal and regulatory reforms implemented by the States for bringing in more land for urban housing.”

**1.11 The Committee note the initiatives and schemes of the Ministry of Housing and Urban Poverty Alleviation in addressing the issue of urban housing shortages. However, the reply merely highlights the policies and schemes which have been formulated and being undertaken by the Ministry. Year after year they are coming with new schemes. Merely introduction of new schemes is not a solution of any problem. The reply does not specify the actual achievement of the Government in solving the housing shortage in urban areas. The Committee feel that even after three years of the formulation of the National Urban Housing & Habitat Policy, 2007 States have not fully endorsed the NUHHP, 2007 policy as very few States have prepared their own urban policy and majority of the States are not coming forward in preparing their own urban housing policy in consonance with it. Moreover, the Committee feel that the schemes like ISHUP are not well received among the beneficiaries and also despite good intentions of the Government private participation is not forthcoming when it comes to development of affordable housing projects. The Committee, therefore, reiterate that there is need for a more proactive approach in addressing the problem of urban housing shortage especially for people belonging to the economically weaker sections and low income group. Since the success of existing and future schemes to address the issue of housing shortage is heavily depended on the initiative and cooperation the Central Government receives from the States/UTs,—a series of deliberations between the Centre and States Government is of**

**utmost importance. The Committee would like to be apprised of the specific and effective steps taken by the Government along with their actual achievement towards solving this problem.**

**Recommendation (Serial No.7)**

**Interest Subsidy Scheme on Housing the Urban Poor (ISSHUP)**

1.12 The Committee had recommended as under:—

“The Committee note that in order to make housing for the urban poor affordable, the recently launched ISSHUP seeks to provide interest subsidy of 5% per annum to the urban poor for loans of Rs.1 lakh, taken during the 11th Plan, with the loan repayment period of 15-20 years. The Committee have been informed that the subsidy is fixed keeping in mind the repayment capacity of the EWS and LIG categories with estimated income range of Rs. 3300 and Rs. 3301 to Rs. 7300 per month, respectively. Further, if the loan sanctioned is Rs.1 lakh for 15 years, the Net Present Value (NPV) of the 5% interest subsidy would amount to Rs. 28985/-. The amount released would be Rs.1 lakh. However, repayment would be only Rs.71,015/- and regular bank rate of interest would be charged, which currently is 8% to 8.5% for housing loans of this size. As per the Ministry, a subsidy of Rs.1100 crore is envisaged under the Scheme which would result in creation of additional housing stock of 3.10 lakh for EWS/LIG segments till 2012. In this regard, the Committee note that the Scheme was introduced in the year 2008-2009, but it failed to take off during that year. Besides, the Ministry has already informed the Committee about the proposal to merge ISSHUP with another recently announced scheme entitled ‘Rajiv Awas Yojana’. Although the Ministry has submitted before the Committee that the response of the States to ISSHUP has been encouraging but the claim of the Ministry is yet to be substantiated by figures. The Committee would like to be informed about the physical progress of the Scheme.

The budgetary allocation for the financial year 2009-2010 for the Scheme is a meagre Rs. 180.59 crore which is expected to cover only 51000 beneficiaries during the period. The Committee while



agreeing that ISSHUP is a good initiative, feel that it is not likely to achieve much success on ground particularly in the mega cities like Delhi, Mumbai and Bangalore because of two main factors i.e. the cost of even one-room house/dwelling unit being much higher than their repaying capacity and secondly, the subsidy would be provided only for Rs. 1 lakh and for the remaining cost, the borrower would have to borrow from other sources at a much higher rate of interest, which would again be beyond his capacity to afford a house. The Committee feel that this scheme overlooks the interests of a huge portion of urban poor, who do not own any land yet are in need on a roof of their heads. The Committee, therefore, recommend that the maximum limit of the amount comprising the subsidy component should be revised keeping in view the present situation and make it more realistic so that more beneficiaries are covered under the Scheme.”

1.13 In their Action Taken Reply, the Ministry have stated as follows:—

“The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) is the first scheme aimed at extending institutional housing finance by the banks and the Housing Finance Companies (HFCs) to the Economically Weaker Sections (EWS) and Low Income Group (LIG) households in the urban areas. The two Central Nodal Agencies (CNAs) under the scheme, namely, National Housing Bank (NHB) and Housing & Urban Development Corporation Ltd. (HUDCO) have actively followed up the scheme with various banks and HFCs. NHB has signed MOA with 16 banks and 6 HFCs while HUDCO has signed Memorandum of Agreement (MOA) with 11 banks and 02 HFCs. The Ministry has held meetings with the Banks and Financial Institutions on board on 14.12.2009 and 19.2.2010 and encouraged them to review and follow the scheme through the State Level Bankers Committee (SLBC). Ministry officers have gone to several states to explain and persuade. The assessment of the Ministry is that the scheme is popular with banks and the beneficiaries are also happy with it. The main difficulty in the scheme taking off is the ability of the beneficiary to approach the

banks and transact the paperwork. Therefore, the Ministry's effort is to get the beneficiaries to put forward applications and to create cells to help loanees.

Government of Andhra Pradesh has assigned a target of 2.36 lakh beneficiaries district-wise and bank-wise. AP State Housing Corporation Ltd. (APSHCL), the State level nodal agency has already identified and sanctioned 43,711 applications in convergence with a State Government Housing Scheme i.e. INDIRAMMA, with loan amount involving 51.17 crore and disbursement of Rs. 19.76 crore has taken place. Government of Karnataka too has identified the State level Nodal Agency and the scheme is to be implemented at District Level by the concerned District Collector while in case of ULBs the onus is with the Municipal Commissioner. A target of two lakhs beneficiaries under the scheme has been assigned among banks. Government of Tamil Nadu too is likely to arrive at targets shortly.

As regard the loan limit under the Scheme, the same for EWS and LIG is Rs.1 lakh and Rs. 1.6 lakh respectively. However, the subsidy under the Scheme is available for loan amount upto Rs. 1 lakh only. The income ceilings of EWS and LIG are presently defined as household having an average monthly income upto Rs. 3300 and household having an average monthly income between Rs. 3301 and Rs. 7300 respectively. The repayment capacity of EWS and LIG category is generally taken as 25% — 30% and 30% respectively. The present loan ceilings have been arrived at on the basis of this repaying capacity and if the loan amount is raised it will go beyond the repayment capacity of these income categories thus driving out the intended beneficiaries. Besides banks are not likely to be forthcoming with larger loans, even Rs. 1 lakh loan to the EWS category households is pathbreaking."

**1.14 The Committee regret to note that the entire ISHUP Scheme has failed to take off on the expected lines even when it is scheduled to expire in 2012. The Committee are not convinced with the assessment of the Ministry that the scheme is popular with banks and the beneficiaries are also happy with it, especially keeping in mind the dismal performance of the scheme in last two years.**

**The Committee further feel that though certain targets have been assigned to the banks but the scheme has not been properly popularized and advertised as has been done by the Government in other schemes like NREGS. Absence of retail participation from the above scheme is as endorsement of this fact. The example of Andhra Pradesh is an illustration as to how the scheme should have been promoted from the very beginning. Even in this case, also retail participation is almost absent and it merely talks about disbursement of loan amount of Rs.19.76 crore while the total outlay proposed during the Eleventh plan period is Rs.1100 crore. The Committee while appreciating the efforts made by the Ministry to convince the banks and financial institutions, would also like to be apprised of the efforts put in by the Government to popularize this scheme among the beneficiaries and the steps taken by the Ministry towards creation of a dedicated cell for assisting the loanees. The Committee feel that the scheme has failed to gain any significant momentum due to existing difference between subsidized loan component of Rs.1 Lakh and the costs of the dwelling units in major cities which is much higher than that. The Committee reiterate that there is an urgent need to revisit the entire scheme and increase the subsidised loan component.**

#### **Recommendation (Serial No. 11)**

##### **Social Auditing and Monitoring of Schemes**

1.15 The Committee had recommended as under:—

“The Committee are happy to learn that in line with their recommendation in the earlier Demands for Grants Report (2008-2009) suggesting social auditing of various schemes run by the Ministry for an assessment of the Government’s endeavour to provide infrastructure and basic services to the urban poor, the Ministry has introduced the concept of social Audit in the monitoring of schemes supported by them. The Committee were convinced that such a procedure can demonstrate the social, economic benefits of various schemes and also pinpoint limitations, if any in the same. In their view, such an effort would enable the

Government to increase accountability as well as enhance people's participation in the democratic process in the country. In this connection, the Committee have now been informed that for social auditing, the Government is trying to bring on board some Non-Governmental Organisations to work with the municipalities to do a people-to-people audit of houses constructed and the projects under various schemes for urban poor. Besides, a manual on Social Audit is under process of validation and two projects under BSUP and IHSDP, in Andhra Pradesh and Madhya Pradesh respectively, are currently being run as pilot projects having independent social audits. The Committee hope that the Manual on Social Auditing would be validated expeditiously and the 2 pilot social audits, as initiated, will be completed within a set timeframe. They would like to know the results achieved in the said pilot projects.

In this context, the Committee further feel that involving the elected representatives of the people in the Parliament/State Assemblies in social auditing of schemes can be very beneficial. The Committee are aware that the Ministry of Rural Development has developed a procedure whereby a 'Vigilance Committee' under the chairmanship of the local member of Parliament looks into the progress of various ongoing schemes supported by that Ministry. The Committee further note that the Union Government has recently decided to involve MPs/MLAs for monitoring the implementation of some of its welfare schemes *viz.* the Prime Minister's new 15 point programme for minorities which includes UIG and UIDSSMT run by the Ministry of Urban Development. The Committee are confident that MPs/MLAs, who represent common people at the grass root level are aware of the slippages in implementation of Schemes and thus well-suited to monitor as to whether the credit facilities are actually reaching the beneficiaries or the construction of houses under JNNURM is qualitatively better. The direct involvement of the elected representatives in the process would also help in improving the delivery mechanism as well as ensuring that middlemen and other persons responsible for sabotaging various schemes for the urban poor do not go scot-free. The Committee, therefore,

recommend that the Ministry should explore the possibility of involving people's representatives in the process of social audit of projects/schemes supported by the Government, and advise the States too, accordingly. The Committee further desire that the findings of social audit, once received, should be seriously considered by the Government to ensure that projects having substandard quality are rectified on an urgent basis."

1.16 In their Action Taken Reply, the Ministry have stated as follows:—

"Regarding the manual on Social Auditing and pilot projects of Social Auditing, draft manual on social auditing and toolkit have been prepared by the Centre for Good Governance, Hyderabad. The guidelines have been tested through two pilot projects. The Ministry of HUPA has sought comments of the Technical Advisory Group under JNNURM on the same, before finalizing the Manual. The version 1 of the manual and toolkit have been supplied to States as a guide for social audit of BSUP and IHSDP projects. Being a new initiative of this kind in the area of slum upgradation/urban housing for the poor, it has taken more than the expected time to complete the process of preparing manual and toolkit.

On the suggestion to involve elected representatives of the people in the Parliament/State Assemblies in social auditing, the Ministry is in the process of preparing an Advisory to States for their involvement in JNNURM (BSUP and IHSDP) processes including social audit. Regarding the concern expressed by the Committee to seriously consider the findings of Social Audit to ensure quality projects, Ministry would take appropriate action."

**1.17 The Committee note that from the action taken replies that the manual on the toolkit has been drafted and sent to the Technical Advisory Group under JNNURM for their comments. The Committee would like to emphasize that since it has already been delayed, there should be no further loss of time in this regard and utmost importance be accorded in finalizing the manual. As regards, involvement of elected representatives in social auditing and**

**monitoring of schemes and setting up of Vigilance Committees under the Chairmanship of the local Members of Parliament to monitor the progress of various ongoing schemes supported by the Ministry, the Ministry is still in the process of preparing advisory for the States in this regard. The Committee reiterate that immediate steps be taken to make it mandatory for greater involvement of elected members in the process of monitoring and evaluation of schemes/projects undertaken by the Ministry.**

#### **Recommendation (Serial No.12)**

##### **Community Development Networks**

1.18 The Committee had recommended as under:—

“The Committee note that to enable the urban poor to form their own organizations for monitoring the Government programmes meant for them through a collective voice, it has been envisaged to establish Community Development Networks (CDNs) with the provision of funding upto Rs.10 lakh. The Committee, however, fail to understand as to why no proposal has been received so far despite the Ministry’s efforts with the States to this effect. They feel that the Government may counsel the States to popularize the concept and seek assistance of the officers dealing with the SJSRY and JNNURM in this direction. The Committee are of the firm opinion that the participation of the Communities is the best way to ensure the quality and performance of the schemes as well as maintenance of the assets since they, being beneficiaries, are aware of practical glitches in availing benefits of the schemes. The Committee desire to know the progress of the concept in the future course.”

1.19 In their Action Taken Reply, the Ministry have stated as follows:—

“Regarding the progress of Community Development Network, the Ministry of Housing & Urban Poverty Alleviation is pursuing with the States for submission of innovative proposals. Guidelines have been formulated and circulated. Under JNNURM currently States

and UTs are focusing on projects already approved with JNNURM financing pattern involving Central share, State share and beneficiary contribution. More than 1300 projects covering more than 14.5 lakh houses have been approved and the States are focusing on implementation of the same.

Community Development Network projects are small innovative projects which are to be sanctioned involving community contribution to the tune of 10%. It is understood that such contribution is not forthcoming. However, once the main BSUP and IHSDP projects sanctioned are implemented, it is hoped that communities coming forward with innovative projects would be encouraged by States to fill in the gap in infrastructure facilities in these colonies or for unforeseen but justified requirements. The Ministry will continue to pursue with the States the adoption of attitudes and strategies that give voice and space to the community to play a decisive participatory role."

**1.20 The Committee in their recommendation had stressed the need to involve local communities by promoting Community Development Network (CDN) and counsel the States to popularize the concept and seek assistance of the officers dealing with the SJSRY and JNNURM in this direction. The Ministry in their action taken reply have merely stated they are pursuing with the States for submission of innovative proposals in this regards. However, States and UTs are currently focusing on projects already approved under JNNURM and once the main BSUP and IHSDP projects sanctioned are implemented, it is hoped that communities coming forward with innovative projects would be encouraged by States. The Committee are perturbed to note that the Government has not accorded due importance to the suggestion for establishment of CDNs. It is not clear as to why the CDNs cannot be promoted simultaneously and why the Government is waiting for the States to complete the ongoing 1300 projects and then pay attention towards the mechanism suggested by the Committee (CDN) to monitor these very schemes. There is no doubt that participation of the community is the best way to ensure the quality and performance of the various**

**schemes including maintenance of the assets. The Committee, therefore, desire that the Ministry and State Governments should accord due importance to the suggestions put forward by the Committee and simultaneous promote involvement of the communities through CDNs and not wait for implementations of BSUP and IHSDP projects, after which these CDNs would have very little role left in evaluation and monitoring of the schemes, the very purpose for which they were conceptualized.**



## **CHAPTER II**

### **RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **Recommendation (Serial No. 2)**

#### **Swarna Jayanti Shahari Rozgar Yojana (SJSRY) – Operation of the modified scheme**

2.1 SJSRY, the lone poverty alleviation scheme for urban dwellers, has been under implementation since 1997. However, the scheme has so far failed to make a difference in the lives of urban poor due to several deficiencies, on which the Committee have been commenting in their reports since 2005. Now they note that substantial modifications in the guidelines of the scheme have been affected and the modified scheme has been operating since 1st April, 2009. Among the major improvements brought about in the guidelines of the scheme are revision of funding share between the Centre and the States in the ratio of 90:10, removal of educational criteria limit for a beneficiary under its USEP component, revision of individual category self-employment project ceiling as Rs. 2,00,000 and enhancement of subsidy to 25% of the project cost up to Rs. 50,000, etc. The Committee find that the modifications are comparatively closer to the ground reality now and hope that the scheme would be received better by the beneficiaries. However, the Committee gather an impression from their past interaction with SJSRY beneficiaries that perhaps the scheme has not been publicised in a vigorous manner in many States, in the way rural job scheme like NREGS (National Rural Employment Guarantee Scheme), is being projected. Besides, the Public Sector banks, through which subsidies are disbursed under the SJSRY, also need to show more enthusiasm towards the scheme and also extend cooperation towards the potential beneficiaries. The Committee hope that the implementing agencies of SJSRY would be sensitized by the Ministry on these aspects. They are convinced that once these issues are taken care of, the SJSRY

would not only receive a better response from the urban poor but would also be able to make a substantial difference in their lives.

### **Reply of the Government**

2.2 The Ministry has taken various steps to publicize the scheme of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) and also to sensitize the programme functionaries, Banks, NGOs and other stakeholders through capacity building activities. Under the Information, Education and Communication (IEC) component of the scheme, training programmes, workshops and other publicity works are done so that the scheme is disseminated to the grass root level effectively. Ministry will further promote publicity campaigns so as to publicize the scheme in urban poor more effectively.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No.H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Recommendation (Serial No. 6)**

#### **BSUP and IHSDP**

2.3 The Committee note that under Jawaharlal Nehru National Urban Renewal Mission (JNNURM), the Ministry of Housing and Urban Poverty Alleviation has been entrusted with the nodal responsibility for an integrated slum development in the 65 Mission cities under the BSUP and for providing shelter and basic amenities in other non-Mission cities under the IHSDP. They further note that these programmes focus on improving the living conditions of the urban poor, especially those residing in slums. The Committee are aware that there is a tremendous demand for approval of slum development projects from small and medium towns and the present allocation of fund is insufficient. The Committee further note that in pursuance of the Government's 100 Days Agenda, the Ministry has now further identified 28 cities with population of 5 lakh and more to be covered under JNNURM, of which the BSUP is a Sub-Mission. The Committee feel that the inclusion of 28 more cities under the Mission would automatically require more Additional Central Assistance. The Committee note that the Government have allocated

Rs. 2524.65 crore as ACA for BSUP and Rs. 1117.58 crore as ACA for IHSDP to provide a boost to these schemes. However, they feel that the said allocation may need to be augmented further to match the intended targets.

The Committee note that the duration of the JNNURM is 7 years beginning from 2005-06 till 2011-12 and that even after 4 years of its commencement, out of 1459272 sanctioned dwelling units only 130428 units have been completed and construction of 383779 units is in progress under both the BSUP and IHSDP components. It is a matter of deep concern as the Mission has already reached its mid term. The Committee are pained to note that some of the States/Union Territories *viz.* Daman and Diu, Himachal Pradesh, Jharkhand, Manipur, Sikkim and Uttarakhand portray a dismal picture showing nil performance in these schemes. The reasons attributed to this slow progress, according to the Ministry, are cropping up of litigation and delay in starting the housing projects due to non-availability of encumbrance-free lands for housing the poor. The Committee feel that problem of encumbrance-free lands and litigations are common in the acquisition of lands for housing and the onus is on the State Governments as well as on the courts to ensure a speedier solution. The Committee feel that specific policies for acquisition and development of lands for housing activity should be formulated. Besides, certain other bottlenecks as highlighted by the Ministry, for instance, difficulties in deciding list of beneficiaries, non-release of State share in time, inability of beneficiaries to contribute 10-12% of the cost of housing and increase in costs due to cost escalation etc. need to be addressed early so as to avoid delays in the completion of targets. The Committee expect that the Ministry has already taken up the matter with the States with a view to addressing these shortcomings.

The Committee further observe from the statement furnished by the Ministry that the performance of States in terms of timely submission of Utilization Certification (UC) is also extremely dismal right from the commencement of JNNURM. The Committee deplore this fact and expect the Ministry to issue directions to the States to furnish the UCs within the given time frame so that the progress of projects is not hampered for want of funds in time. The Committee desire that with the help of PEARL (Peer Experience and Reflective Learning) programme, it should

be ensured that allocated funds are utilized by the slow moving States too so that the impact of the BSUP and the IHSDP is holistically visible in all the States and the projects are completed within the stipulated time.

### **Reply of the Government**

2.4 The proposal to allocate funds and increase the number of cities covered under JNNURM by 28 cities has not been accepted. A new scheme, Rajiv Awas Yojana (RAY) has been announced which envisages a 'Slum-free India' by supporting States and Union Territories which are willing to accord property rights to the urban poor. Any further allocation for slum re-development is expected to be covered under RAY.

As on 31.1.2010, States have reported the completion of 2,02,730 dwelling units and ongoing work for 6,59,282 dwelling units. Thus, the mid-term target of 5 lakh in terms of houses completed/in progress has been achieved.

With reference to policies for acquisition and development of land for housing activity, the Ministry of HUPA has always impressed upon the States to give priority to allocate land for housing the urban poor. Land being a State subject, the role of Central Government is limited. A proposal for a Committee to relook the policies for the acquisition and development of lands for housing is currently under consideration.

With reference to the Committee's concerns regarding certain lagging states, the Ministry is pleased to report considerable progress. Over 70% of their ACA allocation has been committed for the States of Himachal Pradesh, Jharkhand, Manipur, and Sikkim as on 31.1.2010. In the case of Sikkim, this figure is 94%. Further, acknowledging the lag in physical progress in the aforementioned States, the Ministry has sanctioned projects to provide dwelling units in all these States and additional efforts are underway to facilitate the completion of projects in these States.

In so far as the bottlenecks highlighted by the Ministry such as the identification of beneficiaries, the inability of beneficiaries to contribute their share of 10-12% of the cost of housing, etc., the Ministry is constantly exhorting and guiding the States through the Central Sanctioning and Monitoring Committee and review meetings. Where it

was found that the States have not released their share along with the Central share to the Urban Local Bodies, the Ministry has advised them to do so immediately. This aspect is being taken into consideration when the release of the next installment of central assistance is to be sanctioned. States have further been advised to take the initiative to arrange for bank loans at a Differential Rate of Interest (DRI) for the beneficiary contribution. They have been advised to exercise extreme care in deciding the contribution of the State and ULB in order to ensure that the beneficiary share does not put a burden on the beneficiaries beyond their capacity.

States have further been advised that increases in cost escalations have to be met by the provision of necessary assistance by the states by way of State share.

In so far as submission of Utilisation Certificates (UCs) is concerned, no subsequent installment is being sanctioned until the UC for the previous/past installment has been submitted in the formats prescribed for this purpose. The submission of UCs is directly linked to the progress on the ground. The UCs are submitted by the state on utilization of 70% of the funds released. As on 31.12.2009, cumulatively the Ministry has got UCs for an amount of 1908.33 crore (BSUP and IHSDP together). No project is being delayed on this count, as there is sufficient unutilized Central, State and ULB and beneficiary share for work to continue uninterrupted even as these formalities are completed. It may be noted that the cumulative amount of UCs received as on 31.12.2008 was Rs. 1036.89 crore.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No.H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Recommendation (Serial No. 9)**

#### **Easier Credit facilities for urban poor under SJSRY, ISSHUP & JNNURM**

2.5 The Committee appreciate that schemes like SJSRY, ISSHUP and JNNURM intend to provide credit facilities to urban poor for supporting various activities like self-employment, construction of house

etc. However, the experience of the Committee so far suggests that whenever urban poor go to the bank or a Government agency with a loan request most of them return without any loans. There are lots of formalities or guarantees required which poor people are not able to complete. The Ministry has also admitted before the Committee that getting the credit facility is the biggest problem for urban poor.

The Committee further find that though the provisions for providing loans to the urban poor have been made and funds have been earmarked for subsidised loans against dwelling units/houses under various schemes for the EWS/LIG segments people, the disbursement of loans to them is not a smooth process given the fact that this segment of population do not have any credit history of loans. Further, since most of the urban poor are employed in informal sector and do not reside in authorized areas, they face difficulty in producing proofs for regular income and residences and their requests for loans are declined by the financial institutions.

The Committee, therefore, recommend that the procedure for granting the loans to the urban poor should be simplified and guidelines/norms be relaxed/ revised so that more and more urban poor can avail credit facilities easily and set up their own ventures and avail loans for housing under the schemes. State level and District level Committees, which set up targets for the banks or lending institutions, should also be instructed in this regard to provide loans on softer terms to the intended beneficiaries.

### **Reply of the Government**

2.6 The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP), as the first scheme aimed at extending institutional housing finance by the banks and the Housing Finance Companies (HFCs) to the Economically Weaker Sections (EWS) and Low Income Group (LIG) households in the urban areas, has recognized the difficulty being faced by the beneficiaries in obtaining collaterals and guarantees. The scheme provides that mortgage of the dwelling unit may be accepted as primary security and that there would be no collateral security/third party guarantee for loans upto and inclusive of Rs.1 lakh. The scheme also seeks to involve the State Government /Urban Local Bodies in facilitating

creation of a cell/desk and providing a social worker to assist the beneficiaries understand the details of the scheme, the size of the Equated Monthly Installments (EMI), the procedures and paperwork of the bank and with obtaining the requisite certificates to get the loan and receipt of repayment.

The credit provided by the Banks to urban poor under the scheme of Swarna Jayanti Shahari Rozgar Yojana (SJSRY) comes in the category of priority sector lending and no collateral/guarantee is required from the beneficiaries, as per the Reserve Bank of India directions. The issue of non-cooperation by Banks is taken up in the State Level Bankers Committee Meetings, whenever required. In the capacity building programmes/workshops on Swarna Jayanti Shahari Rozgar Yojana (SJSRY), representatives from Banking Institutions are also invited so as to sensitize them on the urban poverty alleviation issues.

Under JNNURM, the beneficiary contribution prescribed is minimum 10-12 % of the cost of dwelling unit. Where this contribution is sourced through loan from banks, the ULBs generally make the upfront payment. Thereafter, the beneficiary contribution is collected through EMIs. The EMIs are in the range of 10-15% of the monthly income of the beneficiaries. The repayment is to be made over a period of 10-15 years. The States/ULBs have also been requested from time to time to arrange for loans at Differential Rate of Interest.

Regarding the granting of home loans for the urban poor, a committee has been convened for making recommendation on "Housing Micro Finance". In addition, the Ministry of Finance is in the process of developing rules for microfinance institutions that will be applicable to the urban poor.

Meanwhile, bearing in mind that not all slum dwellers may want or may be able to access loans, it is planned to make provision in the RAY for rental social housing in which no loan or down payment would be required.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No.H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Recommendation (Serial No. 10)**

#### **Third Party Monitoring of Schemes**

2.7 The issue regarding Third Party Monitoring of schemes run by Ministry of Urban Housing and Poverty Alleviation has engaged the attention of the Committee for quite some time. They note that under the BSUP and IHSDP component of JNNURM, around 15 lakh houses are sanctioned for the urban poor all over the country under about 1300 projects. The Committee feel that examining the quality of the houses built so far is a very important requirement before releasing further funds to the States. During the evidence, the Committee have been informed that apart from conducting technical scrutiny through agencies engaged by the State/ULB and internal inspections through State PWD, the Government is trying to establish a framework for third party monitoring system for the same and asking the States to engage agencies to monitor the quality of the construction of dwelling units/houses. In this connection, the Committee feel that third party assessment needs to be a very objective one wherein there is a nil chance of any fabrication or manipulation of results or suppressing of facts. The Ministry has tried to convince the Committee during evidence that an agency appointed by them may not get requisite cooperation from the State Government. However, the Committee are of the view that since the funds for the Mission are released from the Central Government's Budget the Ministry should insist upon the State Governments to appoint an assessing agency from the agencies empanelled by the Ministry, as a mandatory requirement to avail funds, so as to ensure the objectivity of the results. The Committee would like to suggest that such empanelled agencies should submit their independent feedback to the Central Government so that the aim and objective of having a third party monitor is actually realised.

#### **Reply of the Government**

2.8 Taking into due consideration, the concern and suggestions made by the Committee on Third Party Inspection of BSUP and IHSDP projects, the Ministry is insisting upon a report by the Third Party Inspection and Monitoring Agency (TPIMA) or by an independent



inspection team (where TPIMA has not been established) before releasing subsequent instalments of Central assistance for the projects.

States are advised to appoint a TPIMA either from agencies empanelled by the Central Government or agencies of their choice following a transparent process. These agencies, once selected, are required to submit one copy of their report to the Ministry also along with comments of State Level Nodal Agency (SLNA). Further, a direct monitoring system has been proposed, as suggested by the Committee, and approved, and Monitoring Agencies have been engaged directly by the Ministry who would do sample project monitoring on the instructions of the Ministry and would report directly to it.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No.H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **CHAPTER III**

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT WANT  
TO PURSUE IN VIEW OF THE REPLIES OF THE GOVERNMENT

-NIL-

## **CHAPTER IV**

### **RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **Recommendation (Serial No. 3)**

##### **Unspent balances and funds release under SJSRY**

4.1 The Committee note that upto 30.09.2009, under the Swarna Jayanti Shahari Rozgar Yojana (SJSRY), an amount of Rs. 58,196.36 lakh is still available with States/UTs. They have been informed that the Centre have so far not received Utilisation Certificates (UCs) for an amount of Rs. 8250.84 lakh, which was released upto 2007-2008. The Committee fail to understand why such a huge amount has remained to be shown as utilized. The Committee are particularly perturbed by the inability of States like, Jharkhand, Chattisgarh, Rajasthan and Jammu and Kashmir, to submit utilization certificates for a huge amount of funds which they have received for implementing SJSRY. They are of the view that such a huge amount of unspent balance is a serious matter affecting the overall performance of the scheme since non-submission of UCs result in delay of further release of funds. The Committee, therefore, desire the Government to take measures to motivate States to do the needful well in time otherwise it may lead to reduction in the budgetary plan allocation in their favour. The Committee also take note of the fact that Central funds have not been released to many States/Union Territories till 30 September, 2009. The bulk of the funds, therefore, is likely to be released to them in the third and fourth quarters of this financial year, thus making it difficult for the States to release their share of funds. The Committee, therefore, feel that appropriate steps needs to be taken to address this issue urgently so as to achieve the financial as well as physical targets fixed under the scheme.

### **Reply of the Government**

4.2 The Ministry is making consistent efforts for utilization of funds remaining unspent with the States/UTs. As per the updated Reports/Utilisation Certificates received from the States/UTs, UCs for an amount of Rs 25.66 Crore for the funds released upto 2007-2008 with 14 States/UTs (which is about 9.80% of the total funds released to these States/UTs) are pending, as given below:

#### **Unspent balances with State Governments under SJSRY**

As on 2.3.2010

(Rs. in crores)

Sl. No.	Names of States/ UTs	Central Funds released (including Opening Balance) upto 2007-2008	UC received till now	Balance fund available with States/UTs for which UCs are due
1	2	3	4	5
1.	Bihar	52.11	51.00	1.11
2.	Chhattisgarh	29.82	29.92	0.00
3.	Goa	2.23	1.64	0.59
4.	Jammu & Kashmir	19.48	19.23	0.25
5.	Jharkhand	15.56	11.01	4.55
6.	Meghalaya	7.87	5.32	2.55
7.	Punjab	16.55	14.98	1.57
8.	Rajasthan	69.80	65.90	3.90
9.	Tripura	18.85	17.97	0.88
10.	A & N Islands	3.61	3.06	0.55

1	2	3	4	5
11.	Chandigarh	7.83	2.63	5.20
12.	Daman & Diu	2.43	0.20	2.23
13.	Delhi	4.30	2.06	2.24
14.	Puducherry	11.36	11.32	0.04
TOTAL		261.80	236.24	25.66

The State of Jharkhand has now submitted substantial amount of UCs after much efforts of this Ministry. In case of Jammu & Kashmir, UCs for an amount of Rs. 24.78 Lakhs only (out of the Rs. 849.375 Lakhs released to it under special Prime Minister Reconstruction Plan in 2006-2007 is pending now. Chhattisgarh has since submitted all the required UCs. Rajasthan has also submitted Utilisation Certificates for some amount. It may also be mentioned here that due to the preoccupation of the States/UTs with the General Elections of Lok Sabha and also because the revised Guidelines of SJSRY have come into effect since 1st April 2009, the pace of expenditure has been somewhat slower in the first half of the year.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Comments of the Committee**

4.3 For the Comments of the Committee please *see* paragraph no. 1.8 of Chapter-I of the Report.

### **Recommendation (Serial No. 5)**

#### **Housing Shortage**

4.4 The Committee note that as per the estimates the total urban housing shortage in the country has been projected to go up to 26.53 million during the 11th Five Year Plan (2007-2012), out of which a major portion pertains to economically weaker sections and the low

income group category. Together, these two groups account for 99% of the total housing deficit. Though the Ministry prepared the National Urban Housing and Habitat Policy (NUHHP) in the year 2007 with special focus on the needs of urban poor, which provides a road map to the State Governments to comprehensively address the issue of housing by preparing their own policy in accordance with the NUHHP, 2007, but unfortunately it has not materialized so far. Only a few States are preparing their urban housing policy in consonance with NUHHP, 2007. The Committee are appalled at the gross insufficiency of houses for the urban poor which is a result of the fact that urban planners have always marginalized the housing needs of urban poor, despite being well aware of their requirements of dwelling units. In this regard, the Committee have already made several recommendations in their 40th Report on 'Urban Housing' and they still await the response of the Ministry on the same. Meanwhile the Committee acknowledge the fact that as against Rs. 120.71 crore which was allocated under BE 2008-2009, an amount of Rs. 207.97 crore has been allocated in BE 2009-2010 under the head 'Housing'. Though the actual requirement may be much more, the Committee feel that still it is a step in the right direction and recommend that the Government should strive to address the urban housing shortage on a priority basis.

### **Reply of the Government**

4.5 The Ministry has submitted Action Taken Report on the Fortieth Report of the Standing Committee on 'Urban Housing' on 19th February, 2010. The Hon'ble Committee has been informed that the ministry is aware of the need and is striving to direct the policy and programme initiatives towards housing needs of urban poor and directed its efforts in this direction.

The Ministry has also taken several initiatives revolved around facilitating affordable housing to the urban poor. The Ministry formulated the first National Urban Housing & Habitat Policy, 2007 focusing on needs of urban area focused to promote a symbiotic development of rural and urban areas with focus on provision of "Affordable Housing For All" with special emphasis on vulnerable

sections of society such as Scheduled Castes/Scheduled Tribes, Backward Classes, Minorities and the urban poor.

Since the Policy did not define affordability the Ministry set up a Task Force under the Chairmanship of Mr. Deepak Parekh, Chairman — HDFC Ltd. to study and make recommendations as to affordability and the strategy to provide affordable housing pursuance of the Policy.

At the same time, aware that finance is a critical issue and noting that the Policy aims at promoting larger flow of funds from governmental and private sources for meeting housing needs, with suitably designed fiscal concessions, the Ministry set up the Ashok Jha Committee to study if HUDCO can be rejuvenated and restored to make construction and social housing programmes.

The Ministry has also launched several schemes in the recent years to encourage the State Governments to participate in social housing in big way.

In 2005, the Government launched the Jawaharlal Nehru National Urban Renewal Mission (JNNURM), to make provision, *inter-alia*, of housing and basic services for the urban poor by a holistic and integrated development of slums in 65 specified cities under the Sub Mission Basic Services to the Urban Poor (BSUP) and in other cities and towns under the Integrated Housing and Slum Development Programme (IHSDP).

In December 2008, another new scheme—Interest Subsidy Scheme for Housing for the Urban Poor (ISHUP) was announced for providing interest subsidy to make housing loans affordable and within the repayment capacity of Economically Weaker Sections (EWS)/Low Income Group (LIG). The scheme makes available loans upto Rs.1 lakh through Commercial Banks/Housing Finance Companies for the purposes of construction/acquisition of houses with an interest subsidy of 5%.

With a view to encourage allotment of land for EWS housing, another Scheme for 'Affordable Housing in Partnership', was started under which Central Government assistance is available for infrastructure connectivities for housing projects which provide houses upto 80 Sq.mt. carpet area of which at least 25% are for EWS/LIG.

In June 2009, with the intention to comprehensively address the issue of slums, and to provide for housing in urban areas the Rajiv Awas Yojana (RAY) has been announced.

The initiatives of the Govt. of India need to be supported and supplemented by the efforts at the level of State Governments and Urban Local Bodies (ULBs). The emphasis of State Housing Boards needs to be calibrated to address the needs of Economically Weaker Sections (EWS) and Low Income Group (LIG) housing and policy initiatives for legal and regulatory reforms implemented by the States for bringing in more land for urban housing.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

#### **Comments of the Committee**

4.6 For the Comments of the Committee please *see* paragraph no. 1.11 of Chapter-I of the Report.

#### **Recommendation (Serial No. 7)**

##### **Interest Subsidy Scheme on Housing the Urban Poor (ISSHUP)**

4.7 The Committee note that in order to make housing for the urban poor affordable, the recently launched ISSHUP seeks to provide interest subsidy of 5% per annum to the urban poor for loans of Rs. 1 lakh, taken during the 11th Plan, with the loan repayment period of 15-20 years. The Committee have been informed that the subsidy is fixed keeping in mind the repayment capacity of the EWS and LIG categories with estimated income range of Rs. 3300 and Rs. 3301 to Rs. 7300 per month, respectively. Further, if the loan sanctioned is Rs. 1 lakh for 15 years, the Net Present Value (NPV) of the 5% interest subsidy would amount to Rs. 28985/-. The amount released would be Rs. 1 lakh. However, repayment would be only Rs. 71,015/- and regular bank rate of interest would be charged, which currently is 8% to 8.5% for housing loans of this size. As per the Ministry, a subsidy of Rs. 1100 crore is envisaged under the Scheme which would result in creation of additional housing stock of 3.10 lakh for EWS/LIG segments till 2012. In this regard, the Committee note that



the Scheme was introduced in the year 2008-2009, but it failed to take off during that year. Besides, the Ministry has already informed the Committee about the proposal to merge ISSHUP with another recently announced scheme entitled 'Rajiv Awas Yojana'. Although the Ministry has submitted before the Committee that the response of the States to ISSHUP has been encouraging but the claim of the Ministry is yet to be substantiated by figures. The Committee would like to be informed about the physical progress of the Scheme.

The budgetary allocation for the financial year 2009-2010 for the Scheme is a meagre Rs. 180.59 crore which is expected to cover only 51000 beneficiaries during the period. The Committee while agreeing that ISSHUP is a good initiative, feel that it is not likely to achieve much success on ground particularly in the mega cities like Delhi, Mumbai and Bangalore because of two main factors *i.e.* the cost of even one-room house/dwelling unit being much higher than their repaying capacity and secondly, the subsidy would be provided only for Rs. 1 lakh and for the remaining cost, the borrower would have to borrow from other sources at a much higher rate of interest, which would again be beyond his capacity to afford a house. The Committee feel that this scheme overlooks the interests of a huge portion of urban poor, who do not own any land yet are in need on a roof of their heads. The Committee, therefore, recommend that the maximum limit of the amount comprising the subsidy component should be revised keeping in view the present situation and make it more realistic so that more beneficiaries are covered under the Scheme.

### **Reply of the Government**

4.8 The Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) is the first scheme aimed at extending institutional housing finance by the banks and the Housing Finance Companies (HFCs) to the Economically Weaker Sections (EWS) and Low Income Group (LIG) households in the urban areas. The two Central Nodal Agencies (CNAs) under the scheme, namely, National Housing Bank (NHB) and Housing & Urban Development Corporation Ltd. (HUDCO) have actively followed up the scheme with various banks and HFCs. NHB has signed MOA

with 16 banks and 6 HFCs while HUDCO has signed Memorandum of Agreement (MOA) with 11 banks and 02 HFCs. The Ministry has held meetings with the Banks and Financial Institutions on board on 14.12.2009 and 19.2.2010 and encouraged them to review and follow the scheme through the State Level Bankers Committee (SLBC). Ministry officers have gone to several States to explain and persuade. The assessment of the Ministry is that the scheme is popular with banks and the beneficiaries are also happy with it. The main difficulty in the scheme taking off is the ability of the beneficiary to approach the banks and transact the paperwork. Therefore, the Ministry's effort is to get the beneficiaries to put forward applications and to create cells to help loanees.

Government of Andhra Pradesh has assigned a target of 2.36 lakh beneficiaries district-wise and bank-wise. AP State Housing Corporation Ltd. (APSHCL), the State level nodal agency has already identified and sanctioned 43,711 applications in convergence with a State Government Housing Scheme *i.e.* INDIRAMMA, with loan amount involving 51.17 crore and disbursement of Rs. 19.76 crore has taken place. Government of Karnataka too has identified the State level Nodal Agency and the scheme is to be implemented at District Level by the concerned District Collector while in case of ULBs the onus is with the Municipal Commissioner. A target of two lakhs beneficiaries under the scheme has been assigned among banks. Govt. of Tamil Nadu too is likely to arrive at targets shortly.

As regard the loan limit under the Scheme, the same for EWS and LIG is Rs. 1 lakh and Rs. 1.6 lakh respectively. However, the subsidy under the Scheme is available for loan amount upto Rs. 1 lakh only. The income ceilings of EWS and LIG are presently defined as household having an average monthly income upto Rs. 3300 and household having an average monthly income between Rs. 3301 and Rs. 7300 respectively. The repayment capacity of EWS and LIG category is generally taken as 25%-30% and 30% respectively. The present loan ceilings have been arrived at on the basis of this repaying capacity and if the loan amount is raised it will go beyond the repayment capacity of these income

categories thus driving out the intended beneficiaries. Besides banks are not likely to be forthcoming with larger loans, even Rs. 1 lakh loan to the EWS category households is pathbreaking.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Comments of the Committee**

4.9 For the Comments of the Committee please *see* paragraph no. 1.14 of Chapter-I of the Report.

### **Recommendation (Serial No. 12)**

#### **Community Development Networks**

4.10 The Committee note that to enable the urban poor to form their own organizations for monitoring the Government programmes meant for them through a collective voice, it has been envisaged to establish Community Development Networks (CDN) with the provision of funding upto Rs. 10 lakh. The Committee, however, fail to understand as to why no proposal has been received so far despite the Ministry's efforts with the States to this effect. They feel that the Government may counsel the States to popularize the concept and seek assistance of the officers dealing with the SJSRY and JNNURM in this direction. The Committee are of the firm opinion that the participation of the Communities is the best way to ensure the quality and performance of the schemes as well as maintenance of the assets since they, being beneficiaries, are aware of practical glitches in availing benefits of the schemes. The Committee desire to know the progress of the concept in the future course.

### **Reply of the Government**

4.11 Regarding the progress of Community Development Network, the Ministry of Housing & Urban Poverty Alleviation is pursuing with the States for submission of innovative proposals. Guidelines have been formulated and circulated. Under JNNURM currently States and UTs are focusing on projects already approved with JNNURM financing pattern involving Central share, State share and beneficiary contribution.

More than 1300 projects covering more than 14.5 lakh houses have been approved and the States are focusing on implementation of the same.

Community Development Network projects are small innovative projects which are to be sanctioned involving community contribution to the tune of 10%. It is understood that such contribution is not forthcoming. However, once the main BSUP and IHSDP projects sanctioned are implemented, it is hoped that communities coming forward with innovative projects would be encouraged by States to fill in the gap in infrastructure facilities in these colonies or for unforeseen but justified requirements. The Ministry will continue to pursue with the States the adoption of attitudes and strategies that give voice and space to the community to play a decisive participatory role.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

#### **Comments of the Committee**

4.12 For the Comments of the Committee please *see* paragraph no. 1.20 of Chapter-I of the Report.

## **CHAPTER V**

### **RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

#### **Recommendation (Serial No. 1)**

##### **Budgetary Allocation for the Ministry and reduction of targets**

5.1 The Committee observe that the concentration of population in cities mostly due to economic considerations, has become a fact of life in India. However, this has led to a near explosion in the number of urban poor in the four metropolises as well as other big cities. The situation in small and medium towns is hardly better. Thus, the task of housing the poor and alleviation of poverty is a huge challenge. In this backdrop, the Committee note that the Plan allocation of Rs.850.00 crore as BE 2009-10 has remained unchanged from the figures of BE 2008-09 of the Ministry of Housing and Urban Poverty Alleviation. They feel that the allocation is very insufficient keeping in view the rapidly growing urban poverty as well as the introduction of certain new schemes like 'Affordable Housing in Partnership' and 'Interest Subsidy Scheme for Housing the Urban Poor', which have been added to the portfolio of the Ministry. In fact, the Ministry has already admitted in the case of revamped SJSRY that as the fund allocations remain the same and the aforesaid scheme calls for greater per capita subsidies, they are constrained to reduce the physical targets during the current financial year in the number of urban poor to be assisted for individual /group enterprises from 1,20,000 in 2008-09 to mere 50,000. The Committee find it very unfortunate.

Although the Committee note that Additional Central Assistance to the tune of Rs. 3642.23 crore has been given this year for Basic Services for Urban Poor (BSUP) and IHSDP – the two Sub-Missions of JNNURM being run by the Ministry of Housing and Urban Poverty Alleviation, yet they fear that other schemes funded with the Budgetary allocation

of the Ministry of Housing and Urban Poverty Alleviation this year are likely to be affected due to lack of appropriate funding. The Committee are aware of the tight fiscal situation of the Government this year still they feel that the allocation of funds should be proportionate to the progress of the ongoing schemes. In so far as the newly launched schemes are concerned, the Committee are not very hopeful of their successful run in the absence of proper funding. The Committee, therefore, strongly recommend that the Ministry needs to pursue with the Planning Commission and Ministry of Finance for better funding in the coming financial year. The Committee further recommend that no financial cuts should be imposed on the Ministry at the RE stage. While recommending for higher outlay, the Committee would like the Ministry to strive for better implementation of their schemes too which would justify their demand for an increased allocation for various programmes being implemented by the Government."

### **Reply of the Government**

5.2 The Plan allocation for the Ministry has been increased to Rs. 1000 crore for 2010-2011. In addition, an allocation of Rs. 4583.23 crore has been set aside in the budget of Ministries of Finance and Home Affairs for Rajiv Awas Yojana, BSUP and IHSDP for the year 2010-2011.

Utilization of the allocated Budget for the current year 2009-2010 under BSUP and IHSDP is dependent upon the ability of the States to submit requisite proposals for seeking 2nd and subsequent installment of ACA for projects already approved and new projects. Ministry has taken vigorous persuasive action with the States and UTs in this regard such as review meeting with State Secretaries, field visits, monitoring of progress reports, capacity building workshops etc. The Ministry, however, found the States constrained by the engagement of their personnel and attention in the General Elections (and in 4 large States thereafter in the State Assembly Elections) for the first 3-5 months of the year, with the result that their requests for sanctions to subsequent releases under both JNNURM and SJSRY were slow in coming. The Ministry of Finance, going by the pace of expenditure and their own urgencies imposed a cut on this Ministry's budget as with all other Ministries. The BE of

Rs. 850 crore was cut to Rs.575 crore. Against Rs.515 crore in 2009-10 for SJSRY, the amount for 2010-2011 has been increased to Rs.564 crore.”

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No.H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Comments of the Committee**

**5.3 The Committee are of the firm view that for successful implementation of various Housing and Urban Poverty Alleviation Schemes, the much required funds for these programmes should be adequate and timely allocated. The Committee recommend that the Ministry of Housing and Urban Poverty Alleviation should take the matter of enhancement of funds for its various schemes with the Ministry of Finance and the Planning Commission with convincing reasons at the highest level and the Committee should be apprised accordingly in this regard. The Committee feel that financial cuts imposed at the RE stage due to underutilization of funds allocated to the Ministry and its improper delivery mechanism needs an urgent attention. The Committee are also of the firm opinion that there are serious problems at the implementation stage of various schemes. The Committee, therefore, feel that there is an urgent need to review the situation scheme-wise and project-wise and an appropriate corrective action in this regard should be taken immediately and the Committee informed accordingly.**

### **Recommendation (Serial No. 4)**

#### **Conversion of Dry latrines under Integrated Low Cost Sanitation Scheme**

5.4 The Committee note from the information provided by the Ministry that based on the feedback received from the States, there were about 6 lakh dry latrines required to be converted into water sealed toilets under the ILCS. However, the house to house survey conducted by the Ministry has shown that the estimated number of dry latrines yet to be constructed is about 337250 units. Under the revised guidelines of ILCS, the Ministry has sanctioned 2,49,534 units for conversion of dry latrines

and 36336 units for construction of new latrines. The Ministry has tried to convince the Committee that they have set a target for eradication of dry latrines in the year 2010 and that it would be achieved. Nonetheless, the Committee are quite apprehensive because the pace at which the scheme is progressing leaves much to be desired. The Committee also lament the attitude of the States like Bihar, J&K, Uttarakhand and Uttar Pradesh, which are yet to be declared as dry latrines free States. Moreover, the Committee find it reprehensible that manual scavenging which is a matter of national shame, still exists despite the law prohibiting it. It is unfortunate that the State of Jammu and Kashmir has not even adopted the law for Prevention, Abolition and Regulation of Manual Scavenging. The Committee desire that the Ministry should take up the matter with these States vigorously and remove the impediments, whatsoever, in achieving the target by 2010. The Committee further desire the Government to consider the feasibility of forgoing the beneficiary share of 10% also as the onus to eradicate manual scavenging is on the Government and a little more spending of 10% of the total cost will go down well with these poor people.

With regard to revision in the guidelines of the ILCS, the Committee note that the scheme would now be directly implemented by the Ministry instead of HUDCO, which perhaps, was not keen on implementing it. The Committee further note that the monetary ceiling costs of a unit of twin-pit pour-flush individual latrine has been raised to Rs.10,000 and that NGOs are proposed to be involved for motivating the community and for technical help. The Committee expect an early action on the revised guidelines as the Ministry has taken over the task from HUDCO. They desire earnest efforts to be taken so that the conversion of 3.35 lakh dry units could be completed by the targeted year 2010.

The Committee further observe that the biggest problem in urban sanitation is open defecation by the urban poor. They note that the revised ILCS Scheme does not address open defecation. In this regard, the Committee note that the subject of urban sanitation and open-defecation free cities is a part of the business allocated to Ministry of Urban Development under the National Urban Sanitation Policy. The Committee desire that the Ministry of Housing and Urban Poverty Alleviation may



convey the concern of the Committee to the Ministry of Urban Development and urge them to find out a practical solution to this problem early.

### **Reply of the Government**

5.5 This Ministry has released Central Subsidy under the Revised Guidelines of Integrated Low Cost Sanitation Scheme to the States of Bihar, Uttar Pradesh, Uttarakhand and Jammu & Kashmir who have reported the existence of dry latrines. The updated status in respect of these states is as follows:—

**Uttar Pradesh:** This Ministry has sanctioned a total Central Subsidy of Rs.181.66 crore in the various Coordination Committees during 2008-09 and 2009-10 for conversion of 2,38,253 latrines into twin pit pour flush ones in 390 towns. Out of the sanctioned amount of Rs. 181.66 crore, an amount of Rs. 84.00 crore has been released. As per the progress report received for the quarter ending December 2009, 46766 units have been completed and 80,000 units are under construction. Further, proposals are being received from Uttar Pradesh for release of second installment for completion of sanctioned units. Uttar Pradesh expects to complete the conversion task by the year 2010.

**Uttarakhand:** This Ministry has released Rs.0.31 crore as first installment out of the total sanctioned subsidy of Rs.1.23 crore for conversion of 1613 dry latrines into twin pit pour flush latrines during 2009-10 to Uttarakhand. Proposals are being obtained for release of second installment for completion of these many units. Uttarakhand also expects to complete conversion in 2010.

**Bihar:** The State has initially reported as per 1989 survey the existence of around two lakh dry latrines. After a resurvey, the State has now reported 931 latrines in 138 towns. Bihar had obtained sanction for Central Subsidy of Rs. 7.92 crore in the year 2008-09 and 2009-10 for conversion of an estimated 3545 dry latrines into twin pit pour flush latrines and for construction of 8586 new units

in 11 towns. As per the progress report received for the quarter ending June 2009, 342 units have been completed and 341 are in progress. The state however is reluctant to fix a target for elimination of dry latrines and has asked for time to verify the results of the resurvey. It may still be hoped that this State will also be declared dry latrines free by 2010.

**Jammu & Kashmir:** The State has initially reported as per 1995-96 survey the existence of around sixty thousand dry latrines. However, the State has been asked to conduct resurvey in Jammu and Srinagar towns. The survey is being undertaken by the State and the report is awaited. This Ministry has sanctioned a total central subsidy of Rs. 5.54 crore during 2008-09 and 2009-10 for conversion of 5624 dry units and construction of 273 new units in 56 towns. The progress report and Utilization Certificates are still pending from the State Government. The State has been impressed upon many a time through letters, review meetings and regional consultations to avail the Central Subsidy under the Scheme for conversion of all existing dry latrines into twin pit pour flush latrines and for adoption of "The Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act, 1993". Secretary, Ministry of HUPA visited the State of J&K on 22nd-23rd November 2009, as a follow up action on the progress of decisions/actionable points arising from the meetings held on 5th-6th October 2009 during Cabinet Secretary's visit to Srinagar. During this visit Secretary, Min. of HUPA emphasized that the State should adopt the Employment of Manual Scavenger's and Construction of Dry Latrines (Prohibition) Act, 1993, and should undertake the survey work for Jammu & Srinagar towns and avail Central Subsidy for conversion of all existing dry latrines into twin pit pour flush latrines by the year 2010. The elimination of dry latrines and manual scavenging had also been emphasized by the Cabinet Secretary to the Chief Secretaries in the Conference of Chief Secretaries on 1st/2nd Feb. 2010.

As regards the 10% beneficiary share, in most of the cases, the States are bearing the share on behalf of the beneficiary or in the form of labour

from the beneficiaries. As the implementation of the scheme is well carried out with the present pattern of funding, (*i.e.* 75% Central Subsidy, 15% of State subsidy and 10% beneficiary share), the need for foregoing the beneficiary share is not projected by the State Government.

Under the Revised Guidelines of ILCS, funds are released directly by this Ministry to the States and not through HUDCO. The progress is monitored by the Ministry itself through quarterly reports and review meetings and it is expected that the conversion task of dry latrines will be completed by the year 2010.

As regards the observation of the Committee regarding the problem of open defecation in urban sanitation, the concern of the Committee is being conveyed to Ministry of Urban Development for an urgent action.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

#### **Recommendation (Serial No. 8)**

#### **RAJIV AWAS YOJANA**

5.6 The Committee note the importance of the theme of the proposed 'Rajiv Awas Yojana' (RAY) for the slum dwellers and urban poor, which aims to make India slum-free in next five years. The Ministry is stated to be still working on the modalities of the scheme. Further, funds for RAY would come from JNNURM allocation. The Committee further note that RAY is proposed to cover about 132 cities with a population of 3 lakh and above, initially. The Committee also learn note that Rajiv Awas Yojana proposes to focus on according property rights to slum dwellers/urban poor wherein States would be required to prepare slum-free State/City plans by adopting a 'whole city/whole slum' approach. It would also emphasise on re-development of slums and *in-situ* development and would explore partnerships among the urban poor, municipalities, State and Central Governments and private developers, to enable the construction of affordable houses by the slum-dwellers/urban poor through access to subsidized credit. The Committee feel that

Government should extend support to States that are willing to assign property rights to people living in slum areas.

In this connection, the Committee in their previous reports, have observed that in many cases allottees sell their houses and again go to reside in slum areas, thereby defeating the very purpose. The Committee are of the strong view that if the house is allotted in the name of the woman, there are less chances of those being re-sold in the market. They, therefore, reiterate that State Governments should be impressed upon to register houses preferably in the names of the ladies or in the joint names of husband and wife.

The Committee further desire that a model legal framework for consideration by States/UTs for according property rights to slum-dwellers/urban poor should be chalked out and circulated to States/UTs to enable them to establish their own legal-regulatory frameworks suiting local conditions. It should cover the provision of security of tenure to the urban poor and also making land available for affordable housing, basic amenities and informal sector activities of the poor through the process of urban planning. The Committee further desire that it should include reservation of land for housing the urban poor as the City Master Plans have led, by and large, to their exclusion from the city development process and driven them to illegal settlements. An arrangement between the stakeholders should be chalked out so as to appropriately alter the existing city master plans and prepare such Master Plans that adequately address the concerns of the urban poor for affordable housing and informal sector activities, which engage most of the urban poor. The Committee trust that these aspects have been taken care of since modalities for RAY are currently under process. They are hopeful that with active participation between Centre and State Governments, the Rajiv Awas Yojana could be implemented successfully and its objective to create a slum free India could be achieved.

### **Reply of the Government**

5.7 Regarding the allotment of property (houses) in the name of ladies or in joint name of husband and wife, the Ministry has always

requested the States to do so and most of the houses sanctioned under BSUP and IHSDP under JNNURM on their completion will be allotted to women or in the joint name of husband and wife, as promised by the States/ULBs.

Regarding selling of properties and seeking benefit again under slum development projects, the Ministry is of the view that two strategies may work as preventive – to provide the house to the slum dweller at a monthly outgo not more than he/she can afford, or paid for the slum dwelling; and secondly, networking of data on the basis of biometric identification coupled with GIS mapping would go a long way to put an end to this practice. Simultaneously, ULBs should ensure that properties vacated after slum rehabilitation are not further encroached upon and the lands are utilized for the purpose for which they were earmarked. The States have been requested (*in the meetings of CSMC/CSC*) to take action on this. Regarding the concern and suggestions expressed by the Committee on the proposed RAY, the Ministry would be keeping the same in mind while formulating the programme.

The Ministry is in the process of drafting a model legal framework to accord property rights to the slum dwellers/urban poor. The suggestions by the Committee will be kept in mind while developing the model. *Inter alia*, the model legal framework would seek to make provision for according property rights to the urban poor (including housing or land to accommodate such housing) along with the basic amenities such as water and sanitation.

As regards reservation of land for the poor, this is one of the reforms under JNNURM, and States and cities are beginning to accept and require reservation for EWS in all new housing developments. The Ministry intends to pursue this reform even under Rajiv Awas Yojana. In addition, as earlier mentioned, the Ministry has prepared a proposal to set up a Committee to review the approach of States and ULBs to expansion of land for urban use and its land use.

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Recommendation (Serial No. 11)**

#### **Social Auditing and Monitoring of Schemes**

5.8 The Committee are happy to learn that in line with their recommendation in the earlier Demands for Grants Report (2008-2009) suggesting social auditing of various schemes run by the Ministry for an assessment of the Government's endeavour to provide infrastructure and basic services to the urban poor, the Ministry has introduced the concept of social Audit in the monitoring of schemes supported by them. The Committee were convinced that such a procedure can demonstrate the social, economic benefits of various schemes and also pinpoint limitations, if any in the same. In their view, such an effort would enable the Government to increase accountability as well as enhance people's participation in the democratic process in the country. In this connection, the Committee have now been informed that for social auditing, the Government is trying to bring on board some Non-Governmental Organisations to work with the municipalities to do a people-to-people audit of houses constructed and the projects under various schemes for urban poor. Besides, a manual on Social Audit is under process of validation and two projects under BSUP and IHSDP, in Andhra Pradesh and Madhya Pradesh respectively, are currently being run as pilot projects having independent social audits. The Committee hope that the Manual on Social Auditing would be validated expeditiously and the 2 pilot social audits, as initiated, will be completed within a set timeframe. They would like to know the results achieved in the said pilot projects.

In this context, the Committee further feel that involving the elected representatives of the people in the Parliament/State Assemblies in social auditing of schemes can be very beneficial. The Committee are aware that the Ministry of Rural Development has developed a procedure whereby a 'Vigilance Committee' under the chairmanship of the local member of Parliament looks into the progress of various ongoing schemes supported by that Ministry. The Committee further note that the

Union Government has recently decided to involve MPs/MLAs for monitoring the implementation of some of its welfare schemes *viz.* the Prime Minister's new 15 point programme for minorities which includes UIG and UIDSSMT run by the Ministry of Urban Development. The Committee are confident that MPs/MLAs, who represent common people at the grass root level are aware of the slippages in implementation of Schemes and thus well-suited to monitor as to whether the credit facilities are actually reaching the beneficiaries or the construction of houses under JNNURM is qualitatively better. The direct involvement of the elected representatives in the process would also help in improving the delivery mechanism as well as ensuring that middlemen and other persons responsible for sabotaging various schemes for the urban poor do not go scot-free. The Committee, therefore, recommend that the Ministry should explore the possibility of involving people's representatives in the process of social audit of projects/schemes supported by the Government, and advise the States too, accordingly. The Committee further desire that the findings of social audit, once received, should be seriously considered by the Government to ensure that projects having substandard quality are rectified on an urgent basis."

### **Reply of the Government**

5.9 Regarding the manual on Social Auditing and pilot projects of Social Auditing, draft manual on social auditing and toolkit have been prepared by the Centre for Good Governance, Hyderabad. The guidelines have been tested through two pilot projects. The Ministry of HUPA has sought comments of the Technical Advisory Group under JNNURM on the same, before finalizing the Manual. The version 1 of the manual and toolkit have been supplied to States as a guide for social audit of BSUP and IHSDP projects. Being a new initiative of this kind in the area of slum upgradation/urban housing for the poor, it has taken more than the expected time to complete the process of preparing manual and toolkit.

On the suggestion to involve elected representatives of the people in the Parliament/ State Assemblies in social auditing, the Ministry is in

the process of preparing an Advisory to States for their involvement in JNNURM (BSUP and IHSDP) processes including social audit. Regarding the concern expressed by the Committee to seriously consider the findings of Social Audit to ensure quality projects, Ministry would take appropriate action.”

[Ministry of Housing and Urban Poverty Alleviation O.M.  
No. H-11013/11/2009-Bt.(HUPA) dated 15.03.2010]

### **Comments of the Committee**

5.10 For the Comments of the Committee please *see* paragraph no. 1.17 of Chapter-I of the Report.

NEW DELHI;  
20 July, 2010  
29 Asadha, 1932 (Saka)

SHARAD YADAV,  
*Chairman,*  
*Standing Committee on Urban Development.*



## ***APPENDIX I***

### **STANDING COMMITTEE ON URBAN DEVELOPMENT (2009-2010)**

#### **MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE HELD ON TUESDAY, 20 JULY, 2010**

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri Sharad Yadav — *Chairman*

#### **MEMBERS**

##### *Lok Sabha*

2. Shri Gajanan D. Babar
3. Shri Partap Singh Bajwa
4. Shri Mohinder Singh Kaypee
5. Shri Ramesh Kumar
6. Shri Sakti Mohan Malik
7. Shri Sanjeev Ganesh Naik
8. Shri P.C. Mohan
9. Shri Baijayant 'Jay' Panda
10. Dr. (Prof.) Ramshankar
11. Shri Adagooru H. Vishwanath
12. Shri Kirit Premjibhai Solanki

##### *Rajya Sabha*

13. Shri Manohar Joshi
14. Shri Rajeev Shukla
15. Shri Surendra Moti Lal Patel

#### **SECRETARIAT**

1. Shri T.K. Mukherjee — *Joint Secretary*
2. Shri K.D. Muley — *Director*
3. Smt. Emma C. Barwa — *Under Secretary*

### **WITNESSES**

1. Shri Navin Kumar — Secretary (UD)
2. Shri B.K. Chugh — DG (CPWD)
3. Shri A.K. Mehta — Joint Secretary (UD)
4. Shri P.K. Srivastava — Joint Secretary (Mission)
5. Smt. Sudha Krishnan — JS & FA
6. Shri K.S. Mehra — Commissioner, MCD
7. Shri Parimal Rai — Chairman, NDMC
8. Shri A.K. Bajaj — Engineer Member, DDA
9. Shri S.K. Singh — Joint Secretary (Housing)
10. Shri R.S. Thakur — Addl. Chief Engineer (NDMC)
11. Shri Anshu Prakash — Addl. Commissioner (Eng.), MCD

2. At the outset, the Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft Actions Taken Reports on the Fortieth Report (Fourteenth Lok Sabha) on 'Urban Housing', First Report (Fifteenth Lok Sabha) on 'Demands for Grants (2009-2010)' of Ministry of Urban Development and Second Report (Fifteenth Lok Sabha) on 'Demands for Grants (2009-2010)' of the Ministry of Housing and Urban Poverty Alleviation. The Committee recommended some minor changes and thereafter adopted the draft Reports without any further changes.

3. The Committee then authorized the Chairman to present these Reports to Lok Sabha.

4. \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*

5. \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*                      \*\*\*

6. A verbatim record of the proceedings was kept.

*The Committee then adjourned.*

## **APPENDIX-II**

[Vide Para 4 of the Introduction]

### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE SECOND REPORT OF THE STANDING COMMITTEE ON URBAN DEVELOPMENT (2009-2010) (FIFTEENTH LOK SABHA)

I.	Total number of recommendations	12
II.	Recommendations which have been accepted by the Ministry	04
	(Para Nos. 2, 6, 9, 10)	
	Percentage to total recommendations	33.33%
III.	Recommendations/Observations, which the Committee do not desire to pursue in view of Government's replies	NIL
	Percentage to total recommendations	NIL
IV.	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	04
	(Para Nos. 3, 5, 7, 12)	
	Percentage to total recommendations	33.33%
V.	Recommendations/Observations in respect of which final replies of the Government are still awaited	04
	(Para Nos. 1, 4, 8, 11)	
	Percentage to total recommendations	33.33%

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